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ACHIEVEMENTS OF THE PEOPLE'S REPUBLIC OF CHINA IN THE FIELDS OF LABOR  
AND WAGES DURING TEN YEARS

[ Translation ]

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ACHIEVEMENTS OF THE PEOPLE'S REPUBLIC OF CHINA IN THE FIELDS OF LABOR  
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The great Chinese people in October of the current year are marking the first decade since the day of victory of the revolution and the formation of the Chinese People's Republic. All the forces and energy of the people during these ten years were directed to the accomplishment of the gigantic leap from backwardness and the Middle Ages toward progress, toward the realization of the general line of the Communist Party of China -- to transform the country into an advanced socialist industrial power.

The whole history of the development of the Chinese People's Republic in the best way possible indicates, that even a semi-colonial, semi-feudal country, if at its head stand the working class and its vanguard -- the Communist Party, is capable of advancing quickly and successfully solving complex problems of the construction of socialism.

With the formation of the Chinese People's Republic there was successfully completed the first stage of the bourgeois-democratic revolution, which had as its main purpose the destruction of the yoke of foreign imperialism, the domination of feudal survivals and bureaucratic capital. The second stage came -- the stage of the socialist revolution, the transition period from capitalism to socialism began. The chief task of the Chinese people during the transition period is the realization of socialist industrialization and socialist reforms of agriculture, handicraft industry and trade.

The measures of the Communist Party of China and the national government in the field of labor and wages, based upon the creative application of Marxism-Leninism and experience of construction the USSR to the specific conditions of their own country, play an important role in the steady increase in the productivity of labor and the rise of the living standard of the workers.

The first and decisive step on the way to a fundamental reconstruction of the economy of the country in the interests of the people was the taking possession of its key positions, which was achieved as a result of the conversion into public property of the large industrial enterprises, railroads, air transport, banks, which had formerly belonged to magnates of the Chinese bourgeoisie and the reactionary Kuomintang leaders. Mineral resources, virgin lands, forests and waters of China were converted to state property. There arose a socialist sector of the national economy, which became the leading force in the economy of the country. The Chinese worker became the real owner of his enterprises, vitally interested in the increase of production, the improvement of technology, the improvement of the organization of labor.

The military operations of many years and the criminal ownership of the Kuomintang clique brought the national economy of China into a serious condition: the output of coal in 1949 was only 50% of the maximum level of production in the country before the Liberation, the output of oil -- 38%, the smelting of cast iron -- 13.6%, of steel -- 17.2%. Therefore from the very first days of the formation of the republic the Communist Party and the national government directed all efforts to the rehabilitation, as quickly as possible, of the industrial enterprises, which had been destroyed during the years of the war, the carrying out of agrarian reforms, the elimination of inflation, the cessation of speculation of private merchants on the market, the beginning of the gradual socialist reform of capitalist industry and trade.

The most important condition of the successful rehabilitation of the national economy and the elimination of the economic backwardness of the country was the destruction of the feudal survivals in the economy, and first of all the feudal-landowner system of landownership, the transfer of land to those, who cultivate it. The tasks of rehabilitation of the national economy and the strengthening of the union of the working class with the peasant class required a rapid increase of the productivity of labor in industry, construction, and transportation.

In this connection it was necessary to create a new organization of management of the national economy and enterprises; problems of the organization of the wages for labor, the development of labor competition and the strengthening of labor discipline acquired decisive importance.

In accordance with the fundamental change in the character of the enterprises, which are entering into the state sector, in industry, transportation and construction, there were carried out measures for the reform of the management system. The essence of these reforms consisted in the elimination of feudal survivals, democratization of the management of production, the enlisting of wide masses of workers and employees for the management of enterprises and the national economy, the promotion of experienced, politically mature workers to management posts.

Simultaneously with the reconstruction of management, much work was accomplished in the elimination of the capitalist systems of wages, for the replacement of them by a socialist organization of wages, which permits the putting into effect of pay according to quantity and quality of work, the creation and strengthening of the economic conditions for the further development of enthusiasm, creative capabilities and initiative of the workers, who had obtained for the first time the opportunity to work for themselves. The wage scale of each individual worker began now to depend upon his qualification, productivity of labor, and quality of product.

The huge territory of the country, the lack of uniformity of the economic and political development of individual regions, the shortage of cadres and work experience made it necessary to carry out the regulation of wages gradually, by administrative regions. The organs of government in the large administrative regions decided independently almost all the questions of wages in accordance with the situation and conditions in their particular localities.

From 1950 through 1952 in the Chinese People's Republic there was carried out an important reform of wages (in Shanghai and a number of other regions it was completed in 1953). The main link in the reorganization of pay was the creation of a wage scale system and the raising of the real wages of the workers.

In connection with the fact that in industry and trade at that time important positions belonged to the capitalist sector, and prices on the market, especially for necessities, were unstable, in order to prevent a possible decrease of real wages, calculations of real wages began to be carried out on the basis of a goods sample -- "the pay unit," which consisted of grain, cotton fabric, vegetable oil, salt, and coal.

The creation of the wage scale system and the introduction of the piece-rate system made possible the establishment of a connection between wages and productivity of labor, the attracting into state enterprises of skilled cadres, the raising of the economic personal interest of the workers in the increase of skill.

In the course of the wage reform there was also introduced a system of position salaries for engineering and technical workers and employees. At the beginning of 1952 for the purpose of strengthening the personal economic interest of the collectives of workers and employees in state enterprises in the improvement of their work, the national government decided to create a system of bonus funds.

As a result of carrying out of a wide program of measures in the field of economics and finances, the party and the government achieved at the same time in 1950 the stability of the yuan; strict control of the private market was established; sharp fluctuations of prices were stopped. In 1951 standard paper currency was put into circulation.

The Communist Party and the national government of China, taking into consideration the general level of the development of the production forces in the country and the important significance in industry of enterprises, which had belonged to the national bourgeoisie, developed a policy of gradual socialist conversion of them, which provided the full utilization of capitalist enterprises of industry and trade in the interests of successful development of the economy and the rise of the welfare of the people. The state encouraged and directed their conversion into state-capitalist enterprises, in order to convert them gradually into public property. At the same time measures were taken for the suppression of the private entrepreneurial activity, which was damaging the economic building and welfare of the people. Workers and employees of private enterprises were given the right of free participation in professional, political and public activity, and financial guarantees for the successful carrying out of such activity. At private enterprises there was established an eight-hour work day, and conditions for the calculation and payment of wages were determined.

The principal form of organization and regulation of wages for labor in private enterprises was regional and local collective contracts. For the purpose of an operative solution of the labor conflicts, which inevitably arose in private enterprises, there were created permanently functioning advisory committees, which were made up of representatives of trade unions and owners of enterprises.

All these measures were positively reflected in the increase of productivity of labor and the living standard of the working class. In 1951, the real wages of workers had already reached the level of the prewar year 1936: The eight hour work day began to be introduced gradually in the country; rest days and holidays were established. In 1951, workers and employees at enterprises, which had more than 100 workers, began to enjoy privileges of labor insurance. Systematic work began to be carried out for the improvement of safety techniques and labor protection.

Patriotic competition of workers, which had arisen in liberated regions after the proclamation of the Chinese People's Republic, gradually was transformed into a mass movement. In 1950, competition included all branches of industry, transportation, and construction. In 1951, 2.5 million workers and employees participated in labor competition. In 1952, more than 2.8 million people were included in competition for maintenance of an economical regime, and the increase in production output, and in 1953 more than 80% of all the workers of the country participated in it upon the appeal of the Communist Party of China.

In a record-breaking short period (1950-1952) the Chinese people restored the national economy, which had been destroyed by wars of many years. The gross output of industry increased 2.5 times, in the majority of basic types of industrial production, the maximum level of their production before 1949 was attained and surpassed.

In connection with measures of the Communist Party of China and the national government for raising the living standard of the workers during these years, there occurred a surpassing of the rates of increase of wages over the rates of increase of the productivity of labor. The productivity of labor increased in 1952 in comparison with 1950 by 33.3% whereas the real wages of the workers and employees increased during this period 36%.

Thus, during the period of reconstruction and development of the national economy (1950-1952) the Communist Party and the national government of China carried out a wide program of measures, directed to the reconstruction of the management of the national economy, the creation of a socialist organization of social labor. In the country there has been made an important step along the way of fundamental reorganization of wages in accordance with the socialist principle of distribution according to labor; there was laid the basis for new labor legislation, in which was found the concrete expression of the policy of the Communist Party for the carrying out of socialist reforms, which provide protection of the rights of workers, the gradual elimination of all forms of exploitation, and the construction of a socialist society.

In 1953, the Chinese people started the carrying out of the First Five-Year Plan of development of the national economy, directed to the creation of the basis for socialist industrialization. By the plan was stipulated the gigantic program of development of heavy industry, the creation of new branches of industry, which had formerly not existed at all in the country (automobile construction, aircraft construction and others), the carrying out of technical reorganization and the elimination of the irregular allocation of industry.

The First Five-Year Plan was marked by the vast scope of work for the construction of new industrial enterprises. In the country there was begun the construction of 921 large-scale industrial enterprises, 428 of which had been completely put into operation during this period. The gross product of industry in 1957 increased in comparison with 1952 by 2.4 times, and the average annual rates of increase of industrial production were 19.2%.

The rapid rates of industrial construction caused a continuous increase in the number of workers and employees. During 1949-1952, the number of workers and employees in the Chinese People's Republic increased from 8 thousand to 15.8 thousand persons. At the beginning of 1957, in the national economy there were already 24,179 thousand workers and employees working. An especially significant increase in the number of workers and employees occurred in capital construction.

Even the distribution of man-power among branches of industry changed. In 1936, in heavy industry only 39.5% of all workers were engaged, and in light industry --- 60.5%. Such a distribution of the working class reflected the economic dependence of China upon imperialist states. In 1956, in the production of the means of production there were engaged 57.7% of the workers and employees, and in the production of consumers' goods --- 42.3%.

The implementation of measures for the rational allocation of industry and the complete utilization of available industrial bases led to fundamental improvements in the allocation of the working class in regions of the country: the number of workers and employees in the inland regions increased 2.8 times, in the seaside regions -- 2.4 times. As a result, in 1949 some 37.1% of the workers and employees were in the inland regions of the country, whereas in 1957 there were already 42.2%.

As a result of social-economic reforms in the Chinese People's Republic, the socialist system was victorious. An overwhelming majority of the workers were liberated forever from all types of exploitation. In 1949, in capitalist enterprises 1,643 thousand persons worked in industry, or 18.3% of all the workers and employees in factory-plant and handicraft industry, at the beginning of 1957 at these enterprises only 14 thousand persons worked, or 0.2% of all workers and employees of industry.

During the years of the national government fundamental changes in labor conditions have occurred. In 1956, in the whole country the conversion of workers and employees to an eight-hour work day and a 48-hour work week was completed. As a result of the systematic work for the improvement of labor conditions and the mechanization of production processes, the cases of industrial accidents sharply decreased. Just during the years 1953-1956 their number decreased 45%.

In the course of the fulfillment of the plan of the First Five-Year Plan, in the economic system of the national economy of the Chinese People's Republic the necessary conditions were created for the sharp increase of the productivity of labor. Just during the years of the First Five-Year Plan the productivity of labor in state, cooperative and state-capitalist industrial enterprises increased 61% (Jenmin Jih-pao 14 April 1959). Through an increase of the productivity of labor in 1953-1956, there was obtained a 72.7% increase of the gross product of industry. One of the main factors, which provided the increase in the productivity of labor, was the rapid development of socialist competition. From 1953 through 1955 in industry, workers and employees suggested 973 thousand inventions, technical improvements and suggestions for the rationalization of the process of work, whereas just during 1956 alone 919.2 thousand were suggested. In this very same year there was achieved the largest increase in the productivity of labor, which had been attained during the four years of the first five year plan --- 17% in comparison with 1955.

The sources of the rapid development of socialist competition were the revolutionary enthusiasm of the working class, the fundamental improvement of the economic conditions of the workers, the socialist reforms in agriculture, in handicraft industry, in capitalist industry and trade, and the liberation of the workers from exploitation, the increase in the technical equipment of enterprises and the rise of the cultural-technical level of the working class, which was successfully mastering the new techniques.



The development of the national economy of the Chinese People's Republic has been accompanied by rapid rates of increase of the national income of the country. During 1953-1957, the national income of China increased in terms of the stable prices of 1952 by 54%. During the period of the First Five-Year Plan approximately 23% of the national income was allocated to the capital fund and 77% to the consumption fund. During 1953-1957, the consumption fund in the national income increased 40%. The special characteristic of the distribution of the consumption fund during this period was the use of the overwhelming part of it for individual consumption of the workers (91.8%).

During the years of the First Five-Year Plan the average pay of workers and employees increased 42.8%.

One of the important measures of the Communist Party and the national government of China was the gradual centralization of the direction of work in the field of pay. The concentration of direction of the organization of pay for labor in large administrative regions, as had occurred before 1953, prevented over-all state planning. Unified direction of the work in the field of labor in the country was placed in the Ministry of Labor of the Chinese People's Republic and its local organs, which are under twofold subordination -- to the Ministry of Labor and local people's committees. As a result of the centralization of direction in the field of pay for labor since 1953 the spontaneous increase in wages stopped, and the increase in the productivity of labor began to outstrip the increase of pay. The new political and economic situation in the country, the new tasks, which have resulted from the five year plan, placed on the agenda the problem of the new thorough regulation of the pay of workers and employees; this regulation is directed to the adjusting of the clear inter-branch and inter-regional regulation of pay, the elimination of lack of coordination in the wage scale conditions among regions of the country, a further improvement of the system of official rates of pay, the regulation of the standardization of work and the improvement of the forms and systems of pay for workers.

In 1956, according to the decision of the State <sup>Council</sup> ~~Soviet~~ of the Chinese People's Republic in the socialist sector of the people's economy (with the exception of agricultural production cooperatives) there was carried out the reorganization of wages for all regions of the country. During 1956 the average annual pay of workers and employees increased in comparison with the preceding year 14.3%, including in industry -- 12.4%. The greatest increase of pay was given in heavy industry, and also to the low-paid categories of workers.

Serious attention has been given to the creation of optimum correlations in the pay for labor of different categories of workers.

The successful development of the people's economy permitted the discontinuance of the practice of calculations of wages on a goods basis, in "pay units." The pay of all categories of workers and employees began to be established directly in a monetary form. This permitted the increase of the material personal interest of the workers, and the strengthening of the role of wages as an economic stimulus for raising the productivity of labor. The regulation of pay was directed to the further improvement of the organization of pay, the elimination of wage-levelling, the consistent reconstruction of the organization of pay for labor in the interests of the development of production and the elimination of the defects which exist in the pay.

The national state, having concentrated in its own hands the direction of the wage scale system and the system of official rates of pay at enterprises under the central subordination, and having carried out their regulation, received the opportunity to have an effective influence upon the organization of pay in the local industry.

The carrying out in the Chinese People's Republic in 1956 of large-scale reorganization of pay has great importance for the national economy of the country. The pay reform of 1950-1952 led to the fact that in China were made the first steps in the organization of pay, based upon the socialist principle of distribution according to quantity and quality of labor, and taking into account the characteristics of the development of individual regions of the country, whereas in 1956 the centralization of direction in pay questions was assigned to the national state, and there were introduced improvements in the organization of pay in accordance with the interests of economic construction of the country as a whole and with the characteristics of individual branches of the national economy.

The Premier of the State Soviet of the Chinese People's Republic Comrade Chou En-lai in a report concerning the work of the government at the IV session of the All-Chinese assembly of people's representatives, summing up the work in the field of pay, said: "In the course of repeated reconstruction of the organization of wages in 1950-1952 and 1956 we have created the fundamental principle of an organization of pay, which on the whole corresponds to the conditions of China". (*Sin'khua ben'yuekan* 1957, No 14, p. 10). Thus, the constant improvement of the organization of social labor, the development of socialist competition and the improvement of the organization of wages during the years of the First Five-Year Plan were important factors of the steady increase of production and the increase of the productivity of labor.

The development of the national economy permitted the achievement of a further rise of the standard of living of the workers. During 1953-1957 the number of workers and employees increased 50%. The real wages of workers and employees and the incomes of peasants increased 30%.

The first session of the VIII All-Chinese Congress of the Communist Party of China (1956), having generalized the experience of economic construction, made an important decision about the necessity for the creation in the country during three five-year plans of a complete industrial system, which provides the conversion of the country from an agrarian into an industrial country.

In 1957, as a result of the carrying out of a national campaign in ideological reeducation, the movement for regulating the style of work and struggle against the right-wing elements, the Chinese people achieved a decisive victory in the socialist revolution on the political and ideological fronts. The victory of the socialist production relations created the objective possibility for the sharp increase of the productive forces of the country.

The second session of the VIII All-Chinese Congress of the Communist Party of China (1958) proceeding from the situation which had changed in the country, adopted the resolution concerning the acceleration of the rates of economic construction. "Straining all forces, -- it is said in the enactment of the session, -- striving forward, to build socialism according to the principle "more, quicker, better, more economically." (Second session of the VIII All-Chinese Congress of the Communist Party of China, Peiping, The Publishing House of Literature in Foreign Languages, 1958, p. 68). The extensive work program for the socialist industrialization and technical reconstruction of the national economy is planned by the second five-year plan of development of the national economy of the Chinese People's Republic (1958-1962).

The Communist Party and the national government of China, taking into consideration the economic and national characteristics of the country --- the large population, the rich natural resources and the still insufficient development of the national economy --- worked out the general course in the economic policy; this course has been given the name "to walk on two feet." This course stipulates the simultaneous development of industry and agriculture on the basis of the principal rates of development of heavy industry; the simultaneous development of central and local industry, of which the main link is the central industry; the simultaneous construction of large, medium-size and

small enterprises, the main link of which is construction of large scale enterprises; the simultaneous development of production both by complex, modern, as well as by simple, local methods; the combination of centralized direction with wide development of the initiative of the masses and the participation of workers in the management of production.

For the purpose of the implementation of a large-scale program of socialist construction and every possible use of the initiative of individual localities in the country there was carried out a reorganization of the management of industry, construction and trade, the rights of the local people's committees and enterprises were expanded. Seven regions of economic coordination were created, about 80% of the industrial enterprises of the country were transferred to the direct control of the local people's committees. Under the control of the ministries and departments there have remained only the largest enterprises, which have total state importance. At the enterprises there were created permanently functioning assemblies of representatives of workers and employees. The trade union organizations were able through assemblies of representatives of workers and employees more effectively to enlist wide masses of workers for active participation in the management of production, for constant improvement of the organization and pay for labor at enterprises.

By the initiative of the Communist Party of China there were worked out "Basic Principles for the Development of the Agriculture of China" (1956-1967). The tasks, established by the Communist Party of China, for a sharp increase of agricultural production have great importance for the successful development of the whole national economy. In 1957, some 50% of the production of all industry and 80% of the production of light industry directly or indirectly were produced through the use of agricultural raw material. At the same time during the period of the first five-year plan the average annual rates of increase of gross production of industry were 19.2%, and of the gross production of agriculture and subsidiary industries -- only 4.5%. Agriculture, which had been converted to the socialist way of development on the whole from 1956, was based upon little equipment, on the extensive use of manual labor.

Taking into consideration, that the lag of agriculture may seriously be reflected in the tempos of development of the whole national economy, the Communist Party of China initiated the creation in agriculture of large, many-branched, high quality crops - producing collective farms, organized on the model of industrial enterprises. In 1958, by the initiative of the peasants in the Chinese People's Republic there were created people's communes, which united more than 99% of the peasant farms of the country.

26.5 thousand people's communes arose in place of 740 thousand agricultural production cooperatives. As a result, the number of collective farms in the country decreased approximately 20 times, but the number of able bodied workers in each of them increased 33 times, and the areas under cultivation -- 30 times. The creation of people's communes made it possible on a wide scale and in a systematic manner to maneuver the manpower and means of production, to use them more efficiently and rationally. As a result of this, the people's communes were able to provide not only the timely carrying out of agricultural work, but also to carry out the construction of average-size and small industrial enterprises, which further the development of agricultural production and the satisfaction of the needs of the population.

1958 was recorded in the history of China as the year of "the big leap." During this year the industrial production of the country increased 66%.

The sharp increase of the rates of economic development became possible as a result of the more complete use of the available production capacities and the carrying out of large scales of construction work. In the course of the year there was begun the construction of more than a thousand large industrial enterprises, of which 700 were completely or partially put into operation. The gross yield of grain used as food and cotton in the country increased in comparison with 1957 more than two times. The yield of other agricultural crops also increased significantly. In agriculture the important conditions for the increase of yield were the large irrigation construction and the improvement of the culture of agriculture.

The Communist Party of China on the basis of successes achieved in 1958, developed a plan for the further development of the national economy. In the country there was started the construction of approximately a thousand large industrial enterprises. The gross product of industry in the first six months of 1959 increased 65% in comparison with the same period of 1958.

The extensive program of economic construction, accomplished in the country, presented new, serious tasks in the field of labor and wages. In accordance with the general line of the Communist Party of China, developed by the second session of the VIII All-Chinese Congress of the Communist Party of China, the measures of the national government in the field of labor and wages are directed for the purpose of completely mobilizing the activity and creative initiative of the people and for the attainment of a sharp increase of the tempos of economic construction.

For the purpose of an increase of social product into the national economy were enlisted a number of new workers and employees. In 1958, the number of workers and employees was 32 million persons -- 8 million persons more as compared to 1957.

For providing for the continuously increasing needs for workers' cadres on the part of industry since December 1957 in China there was introduced a system of organized recruitment of manpower in the villages. Much work has been carried out for enlisting women into industry. In 1958, in the national economy 50 million women were working, including 7.5 million in industry, transportation and construction.

Simultaneously with the reorganization of the management of industry and the expansion of rights of enterprises in the country much work was carried out for the increase of the number of workers in the production sphere. More than 300 million persons participated in socially useful labor. The relative importance of workers in the production sphere (in industry, construction, transportation, agriculture) increased from 73% in 1957 to 85% in 1958. 1958 was the year of complete elimination of unemployment.

The movement for the increase of the productivity of labor acquired an unprecedented scale in the country. The struggle for the increase of the productivity of labor both in industry, as well as in agriculture in accordance with the directives of the Second session of the VIII All-Chinese Congress of the Communist Party of China is being carried out under the badge of the technical and cultural revolution. In 1958 at industrial enterprises of the country there was started a mass movement of innovators of production. Just during the first three quarters of 1958 workers and employees introduced 9.6 million rationalization suggestions, technical improvements and inventions -- approximately 2 times more, than during 1950-1956. In agriculture a movement developed for the improvement of agricultural tools, in the course of which peasants introduced more than 500 thousand different rationalizing suggestions. During 1958 there was put into operation new tools, and there was improved 350 million agricultural tools, which made it possible, according to the calculations of Chinese economists, for each peasant to work about an additional 100 work-days and to reduce by 50% the need for enlisting into production new manpower.

As a result of the national struggle for the increase of the productivity of labor, the production output significantly increased, the production periods decreased, and the construction costs for new industrial objectives were reduced. According to the calculations of the Chinese economist Chang Fo-tszyan, the productivity of social labor in the Chinese People's Republic in 1958 increased approximately 70% in comparison with the preceding year (Tsikhua yuy Tuntszuy, 1959, No 3, p. 5).

In the fulfillment of the plan of 1959 there arose large tasks before the workers of the country for the further increase of the productivity of labor. The Deputy Minister of Labor Comrade Liu Tsu-chiu writes, that in 1959 "it is necessary to increase sharply the productivity of labor of the workers and the peasants. We must reach the point, that the work of five people be accomplished by three people, that one person fulfill the work of two" (Laodun, 1959, No 7, p. 7). Throughout the whole country there developed a struggle for the most complete utilization of reserves of the further increase of the productivity of labor. At enterprises basic and especially subsidiary production processes are being mechanized, the organization of labor is being improved, more attention is being given to the increase of the cultural-technical level of workers and employees. By the appeal of the Central Committee of the Communist Party there developed on an unprecedented scale in all branches of the national economy socialist competition for the worthy meeting of the tenth anniversary of the Chinese People's Republic.

For the purpose of the most complete utilization of the production capacities in industry, the use of modern instruments of production and the improvement of agricultural techniques in agriculture, work was developed for the elimination of illiteracy, the raising of the cultural-technical level of the workers. During one year there was eliminated illiteracy of 100 million adults, without discontinuing work some 60 million persons studied in 1958.

One of the important problems, which the national government started to solve at the beginning of 1958, was the bringing into more proper correlation the incomes of the workers and the peasants. In spite of the great successes, achieved in the development of industry during the years of the people's government, about 80% of the population of the country is engaged in agriculture at the present time. However the pay of some groups of workers of the city (unskilled workers, different types of workers, and the staff of junior assistants) in a number of cases was high (without any real basis for being high) -- 40-90% greater than the incomes of the peasants of the given locality. For the purpose of elimination of the unjustified discrepancies in the incomes of urban workers and rural workers, the State Soviet of the Chinese People's Republic in February 1958 decreed, that the wage rates for unskilled workers and various types of workers, and also the proper wage rates for the junior personnel staff in institutions and organizations must be established with consideration of the incomes of the peasants of the given locality. In addition to this, there is also taken into consideration the higher cost of living in the city.

Simultaneously with the regulating of the pay for the labor of unskilled groups of workers at enterprises work was developed for the further improvement of the forms and systems of pay for workers. In the course of this work fundamental attention was given to the creation of forms of collective financial personal interest of the workers in the results of their work. At many enterprises of the country there was decreased the use of pay for labor on an individual piece work basis and a time-bonus basis. The relative importance of collective systems of bonuses increased.

For this very same purpose in 1958 the State ~~Soviet~~ <sup>Council</sup> of the Chinese People's Republic adopted a new decree concerning the establishment of a fund for an enterprise. According to this decree a fund of an enterprise is created through deductions from profits, the rates of which are established as stable for five years. Part of the fund is allocated for the financing of organizational-technical measures, the development of new types of product, measures for safety techniques and protection of labor, and also the replenishment of fixed capital funds and working capital. The enterprise can also accumulate a fund, and use it for capital construction. Approximately 5% of the wage fund for workers and employees of the enterprise is used for bonuses for the best workers and for social-cultural measures. The creation of a fund of the enterprise provides the establishment of permanent sources of financial receipts, and pursues the objective of raising the collective and individual economic personal interest of workers and employees in the systematic improvement of the results of the work of the enterprise, in the increase of the productivity of labor and the reduction of the cost of the output.

In 1958, there was also carried out a review of additional payments to the wages of workers and employees (compensations for meals in restaurants, for use of water, electricity, urban transportation, etc.). On the initiative of workers and employees many of the additional payments to the wages in 1958 were eliminated, and the money that was saved was allocated to the financing of social-cultural measures.

A significant event in the life of the Chinese peasants was the introduction of pay in many people's communes. At the Fifth and Sixth Plenums of the Central Committee of the Communist Party of China, which were held in August-December 1958, on the basis of generalization of experience in the creation of rural people's communes, resolutions were adopted for the regulation and strengthening of the rural people's communes.



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The arising of large-scale many-branched collective farms, as the rural people's communes were, and the large harvest of agricultural crops determined the possibility and the need for the creation of new forms of distribution. In conjunction with distribution on the basis of money wages and working-days, free provisions began to be applied. In the Khenan' province, for example, at the end of 1958 wages were used in 95% and free provisions were used in 70% of the rural people's communes. In the province Tszyansu in 1959 wages in conjunction with free provisions are being used in 98% of the people's communes.

The Communist Party of China, taking into consideration the still inadequate development of the production forces and the unpreparedness of the political, ideological and moral conditions, necessary for the transition to communism, indicates, that in the people's communes the system of distribution in its basic character remains socialist, in accordance with the principle "from each according to capabilities, to each according to labor". Therefore the wages, given to labor, must occupy an important place in the incomes of members of the people's communes for an extensive period of time, and in a certain period it must occupy even the chief place. The relative importance of wages and free provisions in the fund for individual consumption is determined by the rural people's communes in accordance with the degree of development of the public farm, its characteristics and tasks for further development. In the people's communes of the Tszishan' district, for example, the share of wages in the fund for individual consumption comes to a maximum of 85%, an average of 60%, and a minimum of 52%.

In accordance with the instructions of the Central Committee of the Communist Party of China, at the basis of the organization of wages in the people's communes was laid a wage scale system, the principal elements of which are the wage rates and scales. The ratio of extreme categories of wage rates varies from 1:3 to 1:10. The wage rate categories are assigned to members of communes in accordance with their skill, physical qualities, attitude towards work and conscientiousness. The determining of categories as a rule is carried out one time per quarter at meetings of production brigades. For the purpose of taking into account, as much as possible, of the skill in the pay for labor of individual members of a commune, who are specialists in any specific field (tractor operators, mechanics, electricians and other), extra compensations for skills are widely used.

The bonus fund has an important role in raising the economic personal interest of the members of a people's commune in the results of labor. As a rule the bonus fund is set up from the estimate of 3-5% of the wages fund. In the people's communes are most widely used piece-work (direct piece-work and piece-work-bonus) and time pay-bonus systems for pay to labor; work has been developed in the organization of standardization of labor, which is laying a stable basis for the well-grounded planning of the public farm, and the proper use of the forms and systems of pay for labor of members of communes.

The free provisions are a distribution according to the number of persons. The standards for free provisions in many people's communes are established on a differential basis for individual groups of working members of communes, and also for children and aged workers.

In the people's communes there is being carried out much educational work, directed to the averting of cases of a reduction of labor activity of members of communes in connection with the introduction of free provisions. For this purpose there is widely used the principle of criticism and self-criticism; the determination of wages for members of communes is carried out at meetings of teams and brigades; at the same time is taken into consideration their attitude towards work, the number of times of coming to work, and the fulfillment of norms. In a number of communes the amounts of wages are established in direct dependence upon the number of times of coming to work. In many communes the right to obtain free food is established in direct dependence upon the results of the work of a member of the commune. For example, in the people's commune "Khan'tay" of Khan'shou district (Hunan Province) the following system was established: the monthly norm for output is divided into two halves, if the worker fulfilled 50% of the norm, he has the right only to free food; if more than 50% of the norm is fulfilled, the member of the commune also receives wages. The amount of wages in this case depends upon the cost of one work-day and the number of work-days, which produced more than 50% of the norm. If a member of a commune did not fulfill half of the norm, he also may have the privilege of free food, but has to pay for a certain part of the food, taking into consideration the amount of non-fulfillment of the norm. (1. Sin'khua ban'yuekan', 1959, No 8, p. 22).

The special characteristic of distribution in the people's communes is the allocation of considerable amounts of money into indivisible funds. As a result of this, they are able to create public dining rooms, creches, kindergartens, schools, clubs, homes for the aged. In people's communes as a rule the men older than 55 and the women older than 50 are freed from participation in labor, and obtain full maintenance from the people's commune.

The development of the national economy in 1958 made it possible for the national government to carry out a further increase in the living standard of the workers. In 1958 there was adopted a pension law, which covered all categories of urban workers. A system was introduced for annual leave with pay for workers who live far from their families. The incomes of the peasants increased significantly. The Central Committee of the Communist Party of China proposed, that with the distribution of income in 1958 a rise in the living standard was achieved among 90% of the members of the people's communes. This proposal of the Central Committee of the Communist Party of China was successfully put into effect. The welfare of the peasants began to be determined to a significant degree by the results of their labor in the public farm of the communes.

The Central Committee of the Communist Party of China in a special resolution "On the Question of the Life of the People" (Jenmin Jih-pao, 18 December 1958), proposed to all party organizations of provinces, autonomous regions and cities of the country, in accordance with the specific circumstances in individual localities, to develop a detailed program for the further raising of the welfare of the workers.

Thus, the measures of the Communist Party and the national government of China for the enlisting and rational use of manpower, improvement of the socialist organization of labor, the increase of its productivity were the most important conditions of the sharp development of the national economy and the rise of the welfare of the workers. The putting into effect of the socialist principle of distribution according to labor is furthering the development of labor activity and the instilling of a new attitude towards labor on the part of workers, employees and peasants. Specific conditions of the Chinese People's Republic determined the arising, in the course of the national struggle for the acceleration of the tempo of economic construction, of specific forms of distribution of material goods -- the distribution, based upon a combination of money wages and free provisions. The use of the huge reserves of people was an important factor of the successful development of the economy of the country in 1958 and 1959.

The XXI Congress of the Communist Party of the Soviet Union developed a detailed basis for the necessity of rapid tempos of the economic development of the socialist camp. The advantages of the socialist system of economy permit all the countries of the camp of socialism to approach the construction of a communist society at approximately one and the same time. The first decade of the Chinese People's Republic was marked by significant achievements in all fields of public life.

Under the wide leadership of the Communist Party of China the workers of the country gained decisive victories in the construction of socialism on the economic, political and ideological fronts. The material-technical basis of socialism has been successfully laid.

The increase of the productivity of labor, the continuous improvement of the socialist organization of labor and the improvement of the organization of wages at all stages of socialist construction in the country play a decisive role in the provision of rapid tempos of the economic development, and of a rise of the welfare of the workers.